

**THE EFFECT OF MANAGERIAL SKILLS ON THE GROWTH OF SMALL AND
MEDIUM ENTERPRISES IN PALLISA DISTRICT, A CASE STUDY IN PALLISA
TOWN COUNCIL.**

BY

LOGOSE KEVIN BU/UP/2018/2882

SUPERVISED BY: MR ESUKU JOSEPH.

**A RESEARCH REPORT SUBMITTED IN PARTIALFULFILLMENT OF THE
REQUIREMENTS FOR THE AWARD OF A DEGREE OF BUSINESS
ADMINISTRATION, DEPARTMENT OF ECONOMICS AND MANAGEMENT,
FACULTY OF MANAGEMENT SCIENCES, BUSITEMA UNIVERSITY**

MARCH 2022

DECLARATION

I, **Logose Kevin**, declare that this research report is my original work and has not been submitted for any award for examination at any institution of higher learning in this or any other university.

Logose Kevin

BU/UP/2018/2882

Signature: Date.....

APPROVAL

This research report is submitted for examination with approval of the undersigned academic supervisor.

Mr. Esuku Joseph

Lecturer Faculty of Management Science

Department of Economics and Management

Signature: **Date**.....

DEDICATION

Before I dedicate this report to any one, I want to thank the Almighty GOD who enabled me to carry out my research successfully without him I would have not achieved. I dedicate this report to my lovely brother Maseruka Innocent for his continued support that he has rendered to me, my mother Takali Fedrine for the support and advice

ACKNOWLEDGEMENTS

I acknowledge the almighty God who has given me the will and strength pursue this study.

My special appreciation to my supervisor Mr. Esuku Joseph and other Lecturers in the department of Economics and management who took effort to guide and advise me during the entire period of my proposal report writing.

I am also indebted to my parents for all their invaluable support and encouragement financially towards printing a research proposal.

Finally, I thank all the class mates who encouraged and assisted me in writing this research proposal, for their time which they spared to enable me accomplish this task.

Table of Contents

DECLARATION	i
APPROVAL	ii
DEDICATION	iii
ACKNOWLEDGEMENTS	iv
LIST OF TABLES	vii
LIST OF FIGURES	viii
ABREVIATIONS AND ACRONMS	ix
ABSTRACT	
x CHAPTER ONE	1
1.0 Introduction	1
1.1 Background of the study	1
1.2 Statement of the problem	3
1.3 Purpose of the study	4
1.4 Objectives of the study	4
1.5 Research questions	4
1.6.0 The scope of the study	5
1.6.1 Content scope	5
1.6.2 Geographical scope	5
1.6.3 Time scope	5

1.7 Significance of the study	5
1.8 Conceptual framework	6
CHAPTER TWO: LITERATURE REVIEW	8
2.0 Introduction	8
2.1 Theoretica view	8
2.1.1 Agency Theory	8
2.1.2 Pecking Order Theory.	8
2.2 Conceptual skills and the growth of SMEs	9
2.3 Human capacity and growth of SMEs	10
2.4 Technical skills and the growth of SMEs	12
CHAPTER THREE: RESEARCH METHODOLOGY	14
3.0 Introduction	14
3.1 Research Design	14
3.2 Study Population	14
3.3 Sample Size	14
3.4 Sampling method	15
3.5 Type of data	15
3.6 Data Collection methods	15
3.6.1 Questionnaire method	15
3.6.2 Document review	16

3.6.3 Observation method:	16
3.7 Data Analysis plan	16
3.8 Data Analysis Techniques and Methods	16
3.9 Reliability and Validity	16
3.10 Ethical Considerations	17
CHAPTER FOUR: DATA ANALYSIS AND PRESENTATION OF FINDINGS	19
4.0 Introduction	19
4.1 Response Rate	19
4.2 Demographic Information	19
4.2.1 Gender of Respondent	19
4.2.2 Years served in the organization	20
4.2.3 Education level	20
4.2.4 Position Held	21
4.3.1 Descriptive findings on conceptual skills and the growth of SMEs	22
4.4.1 Descriptive findings on human capacity on the growth of SMEs	23
4.5.1 Descriptive findings on technical skills and growth of SMEs	24
4.6 Spearman's Correlation Analysis.....	25
4.7 Regression Analysis	26
4.7.1 Regression analysis on the effect of conceptual skills on growth	26
4.7.2 Regression analysis on the effect of human capacity on growth	27

4.7.3 Regression analysis on the effect of technical skills on growth	27
CHAPTER FIVE	29
INTERPRETATION OF FINDINGS, SUMMARY, CONCLUSION AND RECOMMENDATIONS	29
5.0 Introduction	29
5.1 Discussion of the findings	29
5.1.1 Effect of conceptual skills on the growth of SMEs.....	29
5.1.2 Effect of human capacity on the growth of SMEs	29
5.1.3 Effect of technical skills on the growth of SMEs	30
5.2 Summary of the Findings	30
5.3 Conclusion	31
5.4 Recommendations	31
5.4.1 Policy recommendations	31
5.4.2 Recommendations for further studies	33
5.5 Limitations of the study	34
REFERENCES	35
APPENDICES	37
Appendix I: Letter of Introduction	37
Appendix II questionnaire	38
Appendix III: Work Plan for 2021/2022	42

Appendix IV: Research Budget 43

LIST OF TABLES

Table 13 4.12Regression analysis on the effect of technical skills on growth	27
Table 4.12: Regression analysis on the effects of technical skills on growth.....	39

LIST OF FIGURES

Figure 1.1 Conceptual framework on the effect of managerial skills and growth of SMEs	6
--	---

ABBREVIATIONS AND ACRONMS

SMEs	:Small and medim enterprises
PTC	: Pallisa Town Council
POT	:Peacking order theory
OECD	:Oganization for economic co-operation and devevelopment
GDP	:Gross domestic product
FY	: Financial year
UBOS	: Uganda bureau of statistics
UIA	:Uganda investment authority
SPSS	:Statistical packages for social sciences

ABSTRACT

The study mained at determining the effect of managerial skills on the growth of small and medium enterprise. The study applied a cross sectional research design and descriptive approach. Data were collected from 80 as a target population with accessible unit of inquiry being 66 respondents consisting of owners, managers, and customers. Data was collected with close ended questionnaire and statistical package for social sciences was used for analyzing data from which frequency tables, descriptive statistics, reliability, validity, correlation and regression results were obtained. The study findings revealed that there is a positive and significant relationship between conceptual skills and growth of SMEs, human capacity and growth and also technical skills and growth. The study therefore recommends that in order to enhance on growth of SMEs, conceptual skills, human capacity and technical skills should be adopted by business owners and employees like managers.

CHAPTER ONE

1.0 Introduction

This chapter will cover the following areas, the background of the study, statement of problem, purpose of the study, objectives, scope of the study, significance, conceptual framework and definition of the terms.

1.1 Background of the study

Generally, small and medium enterprises are viewed as important engines for job creation, poverty eradication, and economic growth. This has been proved by increasing employment opportunities due to high capital requirements of output in the sector, the increasing awareness by the government that large projects do not generate employment opportunities given the high capital intensity of output by these firms. SMEs face higher transactions costs in obtaining credit to boost their asset base and working capital than large-scale enterprises (Ahmad & Ahmad, 2021) Poor management and limited access to finance have been viewed as major factors hindering growth of small and medium enterprises worldwide due to restricted lending by financial institutions.

Globally, small and medium enterprises are recognized as fundamental elements of growth and development of an economy. This is clearly demonstrated by the fact that 99.8% of the enterprises are small and medium employing 67% of European workers and generate 57% of revenue. According U. K SMEs data statistics (2020) and chart show that there were 598 million private businesses registered and 99.8% were small and medium enterprises with less than 250 employees. The national Bureau of statistics in UK (2015_ 2016) showed a decrease in the growth of small and medium enterprises especially in the manufacturing sector from 57% to 52% and in (2014_2015) there was a decrease in the whole and retail businesses from 60% to 47%.

In china, the growth rates of small and medium enterprises increased with 67% new businesses being created (National Bureau of statistics 2018) compared to (2017) where it had 10.4%. This is evidenced with 98.46% of businesses in china being small and medium enterprises employing not more than 300 employees and contributing 60% G.D.P and 50% income tax (Kelly, 2020). Due to the significant growth of SMES in (2014 and 2017) the loans share also increased from 54.60% to 64.96%. However, many collapsed in the same period leading to a decrease in shares evidenced by 56.10% to 41.62%.

REFERENCES

- Afzal, F., Mahmood, K., Mohsin, S., Sherazi, R., Sajid, M., & Hassan, M. (2013). Effect of Human Resource Planning on Organizational Performance of Telecom Sector. 3(2), 173–182.
- Ahmad, I., & Ahmad, S. Bin. (2021). Effect of Managerial Skills on the Performance of Small- and Medium-Sized Enterprises: A Case Study in Pakistan. 8(4), 161–170. <https://doi.org/10.13106/jafeb.2021.vol8.no4.0161>
- Aliyu, I. (2015). Impact of Managerial Skills on Small Scale Businesses Performance and Growth in Nigeria. 7(5), 109–115.
- Andarwati, M., Zuhroh, D., & Amrullah, F. (2020). Determinants of Perceived Usefulness and End-User Accounting Information System in SMEs. 29(8), 46–61.
- Arthur, P. (2012). Rethinking Development in Africa through Small and Medium-Scale Enterprises (SMEs) BT - Rethinking Development Challenges for Public Policy: Insights from Contemporary Africa (K. T. Hanson, G. Kararach, & T. M. Shaw (eds.); pp. 234–259). Palgrave Macmillan UK. https://doi.org/10.1057/9780230393271_8
- Asiimwe, F. (2017). Corporate Governance and Performance of SMEs in Uganda. II(I), 1–14.
- Astuti, W., Supanto, F., & Supriadi, B. (2019). Entrepreneurial Skills and SME ' s Business Performance : Empirical Study Culinary Business. 10(22), 160–166.
- Beigi, M. R., Rafat, B., & Panah, H. M. (2013). The analysis of the effect of tax on profitability indices in listed companies of Tehran Stock Exchange. 2(3), 86–98.
- Eton, M., Mwosi, F., Mutesigensi, D., & Ebong, C. D. (2017). Credit Financing and Performance of SMEs in Lira Municipality ,. 8(8), 121–127.
- Fredrick, O. (2012). The Impact of Credit Risk Management on Financial Performance of Commercial Banks in Kenya. 3(1), 22–37.
- Herzallah, F., & Mukhtar, M. (2016). The Impact of Percieved Usefulness , Ease of Use and Trust on Managers ' Acceptance of e-Commerce Services in Small and Medium-Sized Enterprises (SMEs) in Palestine. 6(6), 922–929.
- Hutadjulu, L. Y., & Blesia, J. U. (2016). Factors That Affect The Perception of Small and Medium-Sized Businesses (SMEs)' Community on The Importance of Financial Statements , The Amount of Credit Received and Implementation Prospects. 2016(2015), 125–135. <https://doi.org/10.18502/kss.v1i1.444> Kelly, A. (2020). A new decade for social changes. 11.

- Kraja, Y. (2018). IMPORTANCE OF EXTERNAL AND INTERNAL ENVIRONMENT IN CREATION OF COMPETITIVE ADVANTAGE TO SMEs . (CASE OF SMEs , IN THE NORTHERN REGION OF. May 2015. <https://doi.org/10.19044/esj.2015.v11n13p>
- Levi, K., Based, A. C., Innovations, T., & Education, F. (2010). Transfer of Innovation ,, Development and Approbation of Applied Courses Based on the Transfer of Teaching Innovations in Finance and Management for Further Education of Entrepreneurs and Specialists in Latvia , Lithuania and Bulgaria ”.
- Mbogo, M. (2011). Influence of Managerial Accounting Skills on SME’s on the Success and Growth of Small and Medium Enterprises in Kenya. Marion Mbogo. 3(1), 109–132.
- Morgan, K. (2014). JOB RESOURCES , EMPLOYEES ’ CREATIVITY AND FIRM PERFORMANCE OF COMMERCIAL BANKS IN UGANDA. II(9), 1–14.
- Nkwabi, J. M., & Mboya, L. B. (2019). A Review of Factors Affecting the Growth of Small and Medium Enterprises (SMEs) in Tanzania. 11(33), 1–8.
- Nzibonera, E., & Waggumbulizi, I. (2020). Loans and growth of small-scale enterprises in Uganda : A case study of Kampala Central business area. 14(5), 159–169. <https://doi.org/10.5897/AJBM2020.8985>
- Obigbemi, I. F. (2010). The Impact of Product Price Changes on the Turnover of Small and Medium Enterprises in Nigeria. 1(1), 1–20.
- Sean, B., In, S., Fulfillment, P., The, O. F., For, R., Award, T. H. E., Masters, O. F., & Business, O. F. (2014). FACTORS AFFECTING THE PERFORMANCE OF SMALL & MEDIUM ENTERPRISES IN KAMPALA DISTRICT A CASE STUDY OF NAKAWA DIVISION. 2010.